

PX 240

Message

From: [REDACTED]@ripple.com]
Sent: 6/22/2020 3:19:04 PM
To: [REDACTED]@ripple.com]
CC: [REDACTED]@ripple.com; [REDACTED]@ripple.com; Dinuka Samarasinghe [REDACTED]@ripple.com; Breanne Madigan [REDACTED]@ripple.com; [REDACTED]@ripple.com; [REDACTED]@ripple.com; Ron Will [REDACTED]@ripple.com]
Subject: Re: [REDACTED]

It's still an option to do that CTS + OTC.

It's not that CTS or OTC doesn't matter at all, it is relevant for some purposes (transaction size and security). I do think that split option is okay, but would definitely prefer to move some of the withdrawal to this week if at all possible.

As to addressing things previously during the quarter, I take your point. As things have changed pretty rapidly (from daily purchases to large tranche, from sub \$20m to \$35m Q2 target, etc.) it's tough to keep up, and only 10 days ago did we learn that somehow purchases late in the month help them plug the gap in their financials better.

However we do it for this quarter, if they make it to the max \$35m it's going to be really bad on XRP supply and public visibility, but any efforts to drive consistency (of funding and withdrawals) going forward will likely really help.



[REDACTED]@ripple.com



On Mon, Jun 22, 2020 at 1:49 PM [REDACTED]@ripple.com> wrote:
Hi [REDACTED]

One question.

You provided the below option as one of the three options. Is it still an option?

- They withdraw their current balance at the end of the month and also do a OTC purchase to bring them to their total

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In your previous email, you said that whether it's CTS or OTC doesn't matter, so I wasn't sure. If this is still an option [REDACTED] may prefer this option vs. doing a withdrawal this week.

On Mon, Jun 22, 2020 at 1:40 PM [REDACTED]@ripple.com> wrote:

Hi [REDACTED]

Thanks for the note below.

I fully understand these concerns, but I feel that we should have made these points clear to [REDACTED] earlier in the quarter since our previous discussion was focused on the timing of "commitment" but did not touch on the timing / amount of withdrawal.

If we don't want them to withdraw more than a certain amount per week, we could mention that explicitly and negotiated with them sooner than asking them at the end of the quarter...

Anyway, thinking tactically, for this quarter, I can try to ask [REDACTED] to withdraw some this week so that the balance goes below 50M XRP before we can fund 60M XRP. (I know they won't like this, but I'll do my best convincing them.)

For the next quarter and onwards, we should be very explicit about the max balance and/or max withdrawal requirements upfront so that they can factor those into their planning and we don't need to get into a last min negotiation at the end of the quarter...

Thanks,
[REDACTED]

On Mon, Jun 22, 2020 at 1:08 PM [REDACTED]@ripple.com> wrote:

Hi [REDACTED]

As per our slack, [REDACTED] came back in effect saying "top us up on the 26th, without us doing any withdraws first" which is not one of the options we proposed.

Let me lay this out the thinking in long form, especially the factors other than that we usually don't want a third party holding ~\$30 million of value in our assets.

1) [REDACTED] as the contractual right to buy \$35 million of XRP per quarter.

2) However, them doing it all at quarter end, while it may help their financial reporting, is totally terrible for us, regardless of how we deliver the XRP. We publish XRP totals (Ripple vs. everyone else) every single week, and so them doing this all at once means we will disclose Ripple

distributing [REDACTED] units of XRP in a single week. I think it's critical that we help [REDACTED] understand that their timing has a real and deleterious effect on Ripple, and by extension [REDACTED]. This stuff gets noticed. However, this bad effect exists no matter how we deliver the XRP (CTS vs. OTC)

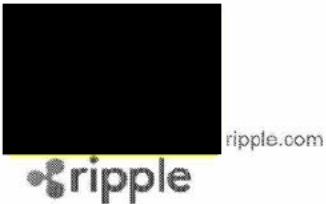
3) Us funding CTS with the full \$35 million has additional negative effects, particularly as they can (and have said they plan to) withdraw the entire amount in a single transaction. Given the size, it's pretty likely that twitter "whale watch" bots are going to call the transaction out. Additionally, we won't have any ability to give Comms a heads up that there will be a large transaction to get ahead of any buzz generated. Typically, having two or three withdrawals of ~\$10 million each is less likely to catch this buzz.

In short, [REDACTED] actions in doing all the purchases at the end of the quarter is the worst thing they can do under the contract. Us prefunding the full amount to CTS wallet makes it even worse.

As CTS is just done for convenience and we have no legal obligation to do so, I don't see why we would bend over backwards to facilitate the spike in the XRP supply curve.

I'd recommend we again ask them to make some withdrawals this week so that we can top them up to do the rest of the commitment next week.

Thanks,



On Tue, Jun 16, 2020 at 3:12 PM [REDACTED]@ripple.com> wrote:
Hi [REDACTED]

Thanks for the info below.
I'll discuss the three options with [REDACTED] and get back to you all on the next steps.



On Tue, Jun 16, 2020 at 2:28 PM [REDACTED]@ripple.com> wrote:
Hi [REDACTED]

As discussed on slack, finance perspective hasn't changed here.

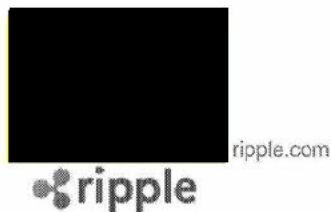
The way I see it they can choose between these alternatives

1. They withdrawal some before the very end of the month and we top them up
2. They withdraw their current balance at the end of the month and also do a OTC purchase to bring them to their total
3. They return their CTS XRP and do a big OTC purchase at the end of the quarter.

I don't believe we have any obligation to prefund them with tens of millions of dollars of XRP. We will agree to prefund again when their balance gets below 50 million units.

We are not trying to be difficult, and hope they can realize that our appetite to fund large balance to the segregated CTS wallets is limited.

Thanks,



On Thu, Jun 11, 2020 at 2:36 PM [REDACTED]@ripple.com> wrote:
Hey [REDACTED]

I don't think we should fund this even to the extent of 30m. We're talking about them holding \$30m of XRP that we have title to. That's a big number and while we have some protections in our contracts, I would expect they would understand our hesitancy here.

If they want to buy in bulk, perhaps we should do this OTC rather than CTS.



On Thu, Jun 11, 2020 at 1:40 PM [REDACTED]@ripple.com> wrote:
We could also ask if we can fund 30M XRP now, and another 30XRP later in the month.
Let me know what you think.

On Thu, Jun 11, 2020 at 1:32 PM [REDACTED]@ripple.com> wrote:
Hi [REDACTED]

As you know, [REDACTED] is using the profits from XRP purchase to fill in a gap in their financials. (whether we like it or not, that's what they've been doing.)
They want as much of their purchase as possible to happen at the end of the quarter since profits would be calculated using the quarter-end market price (and therefore they can minimize market exposure and the impact of the volatility on their financials).
In case the price goes down low enough before quarter-end and they are comfortable with taking the market risk, they may try to buy some earlier in the month. That's why they requested that we fund their wallet sooner than later..

Let me know if you have any questions.
[REDACTED]

On Thu, Jun 11, 2020 at 12:48 PM [REDACTED]@ripple.com> wrote:
We have dramatically increased the amount of XRP that they have on hand. I'm not comfortable with their balance at that level.

Do we understand the dynamics of why they are moving to withdrawals in such very large chunks? It would be useful to understand what is going on as this behavior is certainly very new and puts us in a position to extend a lot of XRP in advance of an actual purchase.



On Wed, Jun 10, 2020 at 4:16 PM [REDACTED]@ripple.com> wrote:
Hello [REDACTED]

[REDACTED] told me that they currently plan to withdraw all of \$30M at the end of this month, however, depending on the market condition, they may potentially withdraw some of the amount earlier in the month. Therefore, they'd like us to fund 60M as soon as we can.

Let me know if there is any issue here.

Thanks,
[REDACTED]

On Tue, Jun 9, 2020 at 12:57 PM [REDACTED]@ripple.com> wrote:
Hi [REDACTED]

Yes, they previously told me that they would expect to purchase around \$20M, though they won't know for sure the final number until the final month of the quarter since it would depend on their quarterly financials. [REDACTED] told me yesterday that by looking at their financials, they decided to purchase up to the max amount for this quarter too.

As to the timing of commitment, I believe that they should be okay to delay the request until the balance goes below 50M, but let me double-check.

Thanks,
[REDACTED]

On Tue, Jun 9, 2020 at 12:33 PM [REDACTED]@ripple.com> wrote:
Hi [REDACTED]

Initially we thought they were planning on only purchasing \$20M this quarter. Is there something to point to as to the change in expectations?

With their current balance so high I'd prefer not to fund additional amounts until they bring the balance down below 50m XRP.

June is quite tight on XRP supply so I would really like to avoid funding preemptively if possible.

Thanks,



On Tue, Jun 9, 2020 at 11:41 AM [REDACTED]@ripple.com> wrote:
Hello all,

Here is a heads-up from [REDACTED]

As you know, [REDACTED] withdrew about \$5M worth of XRP earlier this week.

They plan to withdraw \$30M worth of XRP later this month.

Since their wallet currently has 90M+ XRP, they would like to request for a commitment of 60M XRP this month so that they will have 150M+ XRP (= about \$30M) for withdrawal.

Please let me know if you have any questions or concerns.

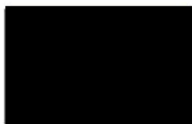
If not, I'll ask them to send a formal request.

Also, please note that [REDACTED] who has been the signer of a commitment request, has been replaced by a new person, who will be the new signer going forward.

I'll ask the [REDACTED] team to provide the contact info of the new signer.

Thank you,
[REDACTED]

On Tue, May 26, 2020 at 4:31 PM [REDACTED]@ripple.com> wrote:
Okay, we'll fund main account first and let you know.



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[REDACTED]@ripple.com | ripple.com



On Tue, May 26, 2020 at 4:00 PM [REDACTED]@ripple.com> wrote:
Thanks, [REDACTED]

Please let me know when I can compose and start the transfer process. [REDACTED] has already signed, so we have the fully executed Terms.

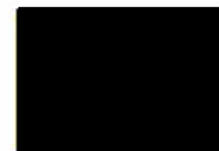
Thanks again,



[REDACTED]@ripple.com



On Tue, May 26, 2020 at 3:02 PM [REDACTED]@ripple.com> wrote:
Signed. [REDACTED] we'll need to fund from cold, as we don't have 50mm staged currently. I'll get that initiated.



[REDACTED]@ripple.com



On Tue, May 26, 2020 at 3:00 PM [REDACTED]@ripple.com> wrote:

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Thanks [REDACTED]

I've just sent you the Terms of Commitment via Adobe Sign. Once you have reviewed and signed, then it will automatically go to [REDACTED] for signature.

[REDACTED] - Can you please make sure we have enough XRP in our XRP II wallet to transfer SBI 50M XRP? We will need to do this within the new couple days.

Thanks,

[REDACTED]

[REDACTED]

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On Tue, May 26, 2020 at 2:52 PM [REDACTED]@ripple.com> wrote:

Hey [REDACTED]

If they are going to request ~100mm total, I'd still prefer spreading it out. Particularly with XRPO going live, we don't want a huge spike in June, so let's go with 50/50.

[REDACTED]

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On Tue, May 26, 2020 at 2:38 PM [REDACTED]@ripple.com> wrote:

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Hello [REDACTED]

Just checking in on this.

Would appreciate your response today if possible as we're approaching the month end.

Thanks!

On Thu, May 21, 2020 at 4:08 PM [REDACTED]@ripple.com> wrote:

Hi [REDACTED]

I just heard back from [REDACTED]

They plan to request \$20M worth of XRP (about 100M XRP) in total in May and June to be safe. (though they will likely purchase less, but just in case, they want to have enough XRP in their wallet)

So with this in mind, if they were to request only 20M XRP (\$4M) in May, they would request 80M XRP (\$16M) in June.

They could also request \$10M (50M XRP) in May, and another \$10M (50M XRP) in June to make it more even.

Which do we prefer?

Thanks,

On Thu, May 21, 2020 at 2:28 PM [REDACTED]@ripple.com> wrote:

Ok, I can ask them if 20M XRP would be okay.

On Thu, May 21, 2020 at 1:47 PM [REDACTED]@ripple.com> wrote:

That's rather a lot to put 50mm on top of, why don't we do for 20m XRP this month based on their current balance and purchasing plans.



On Thu, May 21, 2020 at 1:30 PM [REDACTED]@ripple.com> wrote:

Hi [REDACTED]

[REDACTED] currently has a balance in their wallet of 67.5M XRP, which we already made a 50M tranche in April 2020 and the remaining balance was from Q1 2020 tranches.

Please let me know if you have any questions or need any other information.

Thanks,

[REDACTED]

[REDACTED]

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On Thu, May 21, 2020 at 12:01 PM [REDACTED] <[REDACTED]@ripple.com> wrote:

Hi Dinuka,

I actually had the very discussion with [REDACTED] last night.

They told me that they can request another \$10M of XRP for commitment by the end of this month, and another request in June.

Also, they told me that this quarter, their purchase will likely be much less than last quarter. (likely below \$20M though it may change depending on the market)

I'll keep you posted.

[REDACTED]

On Thu, May 21, 2020 at 11:48 AM Dinuka Samarasinghe <[REDACTED]@ripple.com> wrote:

Hi [REDACTED]

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I hope you are holding up ok during this lockdown period.

[REDACTED] was hoping to send over a tranche of XRP to [REDACTED] for potential sales, to reduce any outsized tranche requested towards the end of the quarter.

Would you mind reaching out to [REDACTED] to determine their plans for requesting another tranche of XRP given their programmatic sales into the market?

Thank you.

Dinuka

--
Dinuka Samarasinghe
Institutional Markets
[REDACTED]







